

U.S. Cuts Chile Ties; Terrorism Cited

Reuter

The United States announced yesterday a reduction in official diplomatic, economic and military ties with Chile, accusing the Chilean government of condoning international terrorism in the Orlando Letelier murder case.

State Department spokesman Hodding Carter, announcing the action which had been expected, said it was linked to the hostage crisis in Iran in that "both involve egregious acts of international terrorism."

The U.S. responses in both cases "reflect our determination to resist such terrorist acts, wherever they occur," he said.

In Santiago, the Chilean military government reacted angrily to the U.S. action, accusing the United States of being aggressive and unjust for reducing its ties with this country.

Foreign Minister Hernan Cubillos said in a statement that Santiago considered the action intolerable, but he said that Chile would bear the pres-

sure because it was politically sound, economically healthy and militarily secure.

Carter said the Chilean government, by failing to investigate or prosecute U.S. charges that three former Chilean secret police officials were involved in the 1976 murder in Washington of Letelier, had "in effect condoned this act of international terrorism."

Saying the three now appeared likely to go unpunished, Carter called it "essential that we make clear, both to the government of Chile and to others throughout the world, that such acts of terrorism cannot be tolerated."

Letelier, a former Chilean foreign minister and leading opponent of the Chilean government of President Augusto Pinochet, was killed with an American assistant by a car bomb in Washington on Sept. 21, 1976.

The actions announced yesterday, including a cutoff of \$6 million in U.S. economic and military aid, stopped well short of recommendations from many U.S. critics of the Pinochet gov-

ernment in the administration and Congress.

In particular, they did not include either a break in diplomatic relations or moves to ban private U.S. loans and investments in Chile, which officials here said would have a major impact on the Chilean economy.

Carter said the size of the U.S. mission in Santiago would be reduced and military shipments still in the pipeline would be halted at the end of this year. Most of the equipment is spare parts.

In addition, the Export-Import Bank and the Overseas Private Investment Corp., both government agencies which have already scaled down financial activities in Chile, would cease operations there entirely, he said.

Michael Vernon Townley, a U.S. citizen who was an agent of the Chilean secret police (DINA), confessed he planted the bomb that killed Letelier and American Ronni Moffitt, but he said the three Chilean officials had planned the murder. They were indicted for the crime by a grand jury here.